JRM:lmp 6/13/06 P0363 PATENT

REMARKS

Applicant respectfully requests reconsideration of the application. Claim 6 is finally rejected under 35 U.S.C. 102(e) as being anticipated by U.S. Patent No. 6,226,618 to Downs et al. ("Downs"). Applicant respectfully traverses the rejection for the reasons submitted in response to the previous action. However, the Applicant has opted to cancel claim 6 and reserves the right to pursue it in a related application. As the remaining claims are allowed, the application should be in condition for allowance.

Applicant submitted an IDS on September 28, 2004. The PAIR system reflects that this IDS and the non-patent and foreign patent literature cited resides in the file and has been considered. However, an initialed 1449 form is not in the file and has not been mailed to the Applicant. Applicant, therefore, requests that the IDS be considered prior to the next action.

Date: June 13, 2006

CUSTOMER NUMBER 23735

Phone: 503-469-4800 FAX 503-469-4777 Respectfully submitted,

DIGIMARC CORPORATION

Joel R. Meyer

Registration No. 37,677